

Message Text

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21

ACTION AF-08

INFO OCT-01 ARA-10 ISO-00 EB-07 COME-00 TRSE-00 CIEP-02

OMB-01 FEA-01 INT-05 OES-06 CIAE-00 INR-07 NSAE-00

/048 W

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R 041519Z AUG 76

FM AMEMBASSY LUSAKA

TO SECSTATE WASHDC 3758

INFO AMEMBASSY KINSHASA

AMEMBASSY SANTIAGO

AMEMBASSY LIMA

AMEMBASSY DAR ES SALAAM

UNCLAS LUSAKA 1980

E.O. 11652: N/A

TAGS: EGEN, EMIN, ZA

SUBJ: ZAMBIAN COPPER INDUSTRY

1. CHAIRMAN OF NCHANGA CONSOLIDATED COPPER MINES (NCCM) AXON SOKO, WHO IS ALSO MINISTER OF MINES AND INDUSTRY AND TOP ZAMBIAN SPOKESMAN ON CIPEC, RELEASED ANNUAL REPORT ON NCCM OPERATIONS COVERING YEAR ENDING MARCH 31, REPORT SHOWS NCCM LOST K54 MILLION (DOLS 84 MILLION AT THE THEN EXISTING EXCHANGE RATE) DUE TO COMBINATION OF LOW METAL PRICES, TRANSPORT PROBLEMS, ESCALATION IN PRODUCTION COSTS AND LOSS OF EXPERIENCED PERSONNEL.

2. FINISHED COPPER PRODUCTION WAS 385,414 TONS COMPARED WITH 408,666 THE PREVIOUS YEAR. COBALT, LEAD AND ZINC PRODUCTION ALSO DECLINED.

3. SOKO NOTED THAT A MARKED IMPROVEMENT IN PORT HANDLING PERFORMANCE AT DAR ES SALAAM AND INCREASED OPERATION OF THE TANZAM RR HAVE EASED TRANSPORT PROBLEM WHICH FORCED COMPANY TO DECLARE FORCE MAJEURE ON COPPER SHIPMENTS DURING SEPTEMBER-DECEMBER 1975. WHILE WELCOMING "UNOFFICIAL REPORTS"

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THAT BENGUELA RR WILL BE REOPENED WITHIN NEXT FEW MONTHS SOKO NOTED

THAT IT IS DIFFICULT TO PREDICT WHEN THE PORT AND RAILWAY SYSTEM WILL ACHIEVE THEIR FORMER OPERATIONAL STANDARDS.

4. NCCM INCREASED ITS TOTAL LOAN INDEBTEDNESS BY K133 MILLION (DOLS 207 MILLION) DURING THE YEAR TO REACH PRESENT TOTAL OF K246 MILLION (DOLS 383 MILLION). NEVERTHELESS CAPITAL EXPENDITURES WERE REDUCED FROM DOLS 92 MILLION TO DOLS 61 MILLION. EMPLOYMENT DIPPED SLIGHTLY.

5. ON QUESTION OF COPPER PRICES, SOKO CALLED FOR AN INTERNATIONALLY ACCEPTED MECHANISM, NOT FURTHER DEFINED, TO STRIKE BALANCE BETWEEN SUPPLY AND DEMAND AND SUGGESTED IT MAY BE NECESSARY TO BREAK WITH LME PRICING ARRANGEMENTS. CLINGERMAN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: REPORTS, COPPER, MINING INDUSTRY
Control Number: n/a
Copy: SINGLE
Draft Date: 04 AUG 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976LUSAKA01980
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760301-1221
From: LUSAKA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760888/aaaaczke.tel
Line Count: 75
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AF
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ellisoob
Review Comment: n/a
Review Content Flags:
Review Date: 22 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22 JUL 2004 by hattaycs>; APPROVED <27 JUL 2004 by ellisoob>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ZAMBIAN COPPER INDUSTRY
TAGS: EGEN, EMIN, ZA
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006